

Service Date: April 14, 1988

DEPARTMENT OF PUBLIC SERVICE REGULATION  
BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MONTANA

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IN THE MATTER Of The MONTANA PUBLIC )	
SERVICE COMMISSION's Investigation )	UTILITY DIVISION
of Federal Tax Reform Impacts on )	DOCKET NO. 86.11.62(6)
Public Utility Revenue Requirements )	ORDER NO. 5339
_____)	

FINDING OF FACT

1. On November 24, 1986, the Montana Public Service Commission (Commission) initiated Docket No. 86.11.62 with an Order to Show Cause (Order No. 5236) that existing rates for public utilities remained just and reasonable following the 1986 Tax Reform Act (TRA). The electric operations of Montana-Dakota Utilities (MDU, Company) were assigned to Docket No. 86.11.62(6).

2. MDU's response to the Show Cause Order was based on the cost of service the Company supported in its then current general electric rate filing, Docket No. 86.5.28. The Company's response utilized a 40 percent Federal Income Tax Rate and other minor adjustments it perceived due to the TRA. On March 19, 1987, the final Order in Docket No. 86.5.28 was issued reflecting the amount

of tax savings that the Company expected to experience due to the TRA.

3. On June 8, 1987, the Commission issued Order No. 5236c outlining the proper treatment for the various ratemaking issues caused by the TRA. Several of the issues (including the taxrate) were decided differently than what was proposed by MDU and reflected in its electric rates. The Commission determined that MDU's electric rates should be changed on January 1, 1988, to reflect a 34 percent Federal Income Tax rate and all other aspects of the TRA (Paragraph 11, Order No. 5236c).

4. On December 30, 1987, the Company filed tariffs to reflect the Commission's TRA decisions. Those tariffs were implemented on January 1, 1988.

5. No further matters concerning this Docket have come before the Commission. Therefore, the Commission finds that this Docket should be closed.

#### CONCLUSIONS OF LAW

1. MDU furnishes electric service within the State of Montana and is a "Public Utility" under the regulatory jurisdiction of the Montana Public Service Commission.

2. The Montana Public Service Commission properly exercises jurisdiction over the Company's Montana operations pursuant to Title 69, Chapter 3, MCA.

#### ORDER

1. This Docket is hereby CLOSED.

DONE IN OPEN SESSION at Helena, Montana this 11th day of April, 1988 by a 5 - 0 vote.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

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CLYDE JARVIS, Chairman

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JOHN B. DRISCOLL, Commissioner

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HOWARD L. ELLIS, Commissioner

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TOM MONAHAN, Commissioner

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DANNY OBERG, Commissioner

ATTEST:

Ann Purcell  
Acting Secretary

(SEAL)

NOTE: Any interested party may request that the Commission reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.